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TO RUEHC/SECSTATE WASHDC PRIORITY 2126
INFO RUCNCIS/CIS COLLECTIV PRIORITY
RUCNMEM/EU MEMBER STATES PRIORITY
RCNIRA/IRAN COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 3710
RUEHAA/AMEMBASSY ASHGABAT PRIORITY 0742
RUEHTA/AMEMBASSY ASTANA PRIORITY 0130
RUEHBJ/AMEMBASSY BEIJING PRIORITY 0044
RUEHRL/AMEMBASSY BERLIN PRIORITY 0267
RUEHBR/AMEMBASSY BRASILIA PRIORITY 0001
RUEHN/AMEMBASSY OSLO PRIORITY 0244
RUEHFR/AMEMBASSY PARIS PRIORITY 0602
RUEHDE/AMCONSUL DUBAI PRIORITY 0100
RUEHDE/IRAN RPO DUBAI PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY
RHMFISS/CDR USEUCOM VAIHINGEN GE PRIORITY
RUEAIIA/CIA WASHINGTON DC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY
RUEKDIA/DIA WASHDC PRIORITY

S E C R E T SECTION 01 OF 02 BAKU 000944

SIPDIS

DEPT FOR EB/ESC, EUR/CARC
DEPT FOR EB/ESC, EUR/CARC
DEPT FOR S/EEE AMB MORNINGSTAR AND DSTEIN
DEPT FOR EB/ESC DAS DOUG HENGEL
DEPT FOR S/CT FOR GROBERTSON, DKURSCH, CLARKS
DOE FOR LEKIMOFF, MBURPOE, AND DGOTTFRIED

E.O. 12958: DECL: 12/8/2009

TAGS: EPET ECON PREL IR AJ
SUBJECT: AZERBAIJAN: IRANIAN ALBORZ RIG QUERY

REF: A. BAKU 927
 1B. BAKU 900
 1C. BAKU 877

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Classified By: Charge Don Lu
Reasons 1.4 (B,D, E)

11. (U) This is an action request. Please see paras 5 and
17.

Summary

12. (S) As per reftel A, Azerbaijani Foreign Minister Mammadyarov confirmed the presence of foreigners, specifically Norwegians, on board the Iranian Alborz semisubmersible drilling rig. U.S. intelligence reports also confirm Norwegian, Chinese, and Brazilian companies involved in supporting the management, operations, and provision of the Alborz, but we do not appear to have specific and independent information on the current crew complement. Embassy Baku is now seeking guidance from EUR/CARC and L regarding a possible demarche to the Norwegian, Chinese and/or Brazilian embassies in Baku, and possible interface with Schlumberger, a large French oil service company (with extensive U.S. operations), regarding activities which support deployment of the Alborz rig. End summary.

Alborz Rig Activity Heightens Tension,
Escalates Possibility of Incident at Sea

13. (S) Embassy Baku is seeking confirmation regarding the possible presence of significant numbers of Norwegian

citizens and subcontractors on the Alborz rig, as well as possible Chinese or Brazilian presence on the rig. Additionally, there is recently reported possible Schlumberger activity related to supporting the rig. Given the current provocative presence of the Alborz far into disputed waters inside the former Soviet zone, we are concerned third country nationals may be contributing to Iran's encroachment into these disputed waters. Moreover, there is the potential for inadvertent injury or harm to any Norwegian, Chinese, or Brazilian citizens on board the Alborz, as well as other third-country nationals as yet unidentified - in the event of an incident at sea between Iran and Azerbaijan, or Iran and a third country, in these disputed waters. Per reftels, despite earlier public and private assurances that they would not do so, the Iranians have moved the rig well to the north of the Iran-USSR treaty line in the south Caspian, in the disputed Alborz (Alov) offshore oil prospect.

¶4. (S) We are also concerned that Norwegian, Chinese, Brazilian and/or Schlumberger support is assisting the deployment of a drilling rig into disputed Caspian territory.

While the Alborz may never actually be used to drill for oil, it does appear to be aggravating a geo-politically sensitive issue, Caspian Sea demarcation, at a time when international tensions with Iran are on the rise due to nuclear issues. Possible Norwegian, Chinese, or Brazilian support for Alborz activities would run counter to UN sanctions and prevailing international sentiment.

Action Request re Norwegian Involvement

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¶5. (S) Embassy Baku also requests guidance on whether we should consult with the Norwegian, Chinese, or Brazilian embassies to advise them regarding the possible presence of their nationals on the Alborz rig. Such a discussion could highlight the potential danger to their citizens, in light of the situation outlined above, and/or advise them that in light of recent UNSCR resolutions, their firms may find themselves in violation of international law by entering into a contract with an Iranian national oil firm. Embassy Baku also requests guidance as to whether this notional demarche should be paralleled (or handled separately) by a demarche to the respective governments from U.S. Embassies Oslo, Beijing, and Brasilia.

Schlumberger May be Seeking Rig Operation Contract

¶6. (S) In a separate but possibly related development, on November 20, Trend Capital, a division of pro-government Azerbaijani press outlet Trend News Agency, reported that Schlumberger, ITS, and MI firms were in discussions to operate the Alborz oil rig. Post has no independent confirmation of this press report; however it is known that Schlumberger recently lost its last significant contract in Azerbaijan, and is rumored to be looking for other regional business opportunities to avoid dissolving its regional operations and releasing longtime staff. Schlumberger, while headquartered in France, is often referred to as a Franco-American company, due to its large U.S.-based presence and operations. This status may expose it to the existing Iran Sanctions Act, and/or any new sanctions that may be implemented if Iran fails to meet the January, 2010 deadline for cooperation on its nuclear program. We also noted that France strongly supports the new UNSC sanctions package against Iran. While Embassy Baku is not specifically familiar with the ITS or MO firms mentioned in the article, we will continue to seek information on these firms as well.

Action Request Re: Schlumberger Involvement

¶7. (S) Action Request: In the above context, Embassy Baku requests the Department advise us if we should meet with Schlumberger management, and/or other international oil services firms located in Baku, to ascertain whether they in fact have personnel engaged in seeking a contract with Iran to operate the Alborz rig. If affirmative, Embassy Baku seeks guidance on talking points and specifically, whether to advise them of the of a) potential danger to their employees, in light of the situation outlined above, and/or b) advise them that in light of the Iran Sanctions Act, and more broadly, new international sanctions emerging from the UNSC, Schlumberger may find itself in violation of international law in entering into a contract to support the Alborz. There are additional sanctions against Iran pending in the U.S. Congress, the final form of which remains unclear. Embassy Baku also welcomes guidance on the extent to which such discussions with Schlumberger senior management might also be pursued by Embassy Paris.

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